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66-11441V

86 APR 1966

MEMORANDUM FOR: Deputy Director for Science and Technology

SUBJECT : CIA Program/Budget Structure

REFERENCE : Memo dtd. 15 Mar 66 to ExDir-Compt.
from DD/S&T, Subj.: Proposed Agency
Program and Goals Structure

1. Reference is made to your memorandum of 15 March and to your meeting with the Director of Planning, Programming and Budgeting on 25 March on questions concerning that part of the Agency's Program/Budget Structure as pertains to Research, Development and Engineering (RD&E). This paper is intended to confirm the resolution of these questions which were worked out at the meeting.

2. Mr. Clarke informs me that you understand the requirement in Agency-wide program planning and the presentation of budgets from the point of view of total Agency programs, of packaging the various types of RD&E activities, and of relating these packages, i.e., the RD&E subcategories, to the different basic missions of CIA. At the same time, the arrangement of Program Categories, Subcategories, and Elements in the Agency's Program/Budget Structure, as set forth in the Combined Program Call, as pertains to RD&E, is compatible with the nine subcategories of RD&E which you believe to be most suitable for internal management of RD&E. (As revised by you, these nine subcategories exclude Electronic Countermeasures and Systems Analysis.)

3. In view of this compatibility, the Office of Planning, Programming and Budgeting will be working with the offices engaged in RD&E, including those of your Directorate, to revise the Financial Analysis numbers which are used in the Agency's accounting

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system. This revision should provide the requisite flexibility to support both the Agency-wide Program/Budget System and your own planning and management control requirements for RD&E.

4. In this respect, the total time and attention given by you and your office heads to each Subcategory and Element under RD&E will vary over a period of time. There may well be a need from time to time to modify the Subelements as CIA's program orientation changes. The important point is that the fundamental structure for the Agency be developed to accommodate these changes of Sub-elements as they occur. It is fully recognized by the Director/PPB that when funding sources outside CIA are involved in support of the RD&E effort of the DD/S&T, e.g., reconnaissance, the dollar magnitudes place an increased relative importance on those Subcategories or Elements. In terms of your own review of these programs and the presentations made by you to the DCI, in those instances, the element, or even a particular project, will take on a new dimension.

5. You can be assured that it is our intent to develop the program planning, budgeting and accounting structure so that the facts and figures behind any Subcategory or Element can be manipulated by the machines insofar as necessary, in order to accord with both the Agency's overall needs and those of each Directorate.

/s/ L. K. White

L. K. White
Executive Director-Comptroller

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PPB/PPD [] jh (30 Mar 66)

Distribution:

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1 - ExDir-Compt
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Bud: I understand you and John Clarke have discussed this matter at some length and are in general agreement. In any case I'm afraid it is too late to change the categories this year. LKW

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66-1144

15 MAR 1966

DD/S&T 102-66

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT: Proposed Agency Program and Goals Structure

REFERENCE: A. Memo to DD/S&T from D/PPB, dated 21 January 1966, Subject: "RD&E Categories"

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B. Memo to DD/S&T from Ex. Dir.-Comp., dated 25 January 1966, Subject: "The CIA Combined Program Call (FY 1967-1972)"

1. I feel that you should be aware of a disagreement between the Office of Planning, Programming and Budgeting and this Directorate over the structure of the Agency's program goals for Research and Development. This disagreement, which at the moment may not be serious, will have a significant impact on the long-term planning and control processes which I hope to establish within this Directorate.

2. The Agency program structure, as now approved, reflects the major activities of the Agency, i. e., Collection of Intelligence, Production of Intelligence, Information Processing and Exploitation, Research and Development Engineering, Covert Action and Program-wide. It is within the Research and Development activity that the disagreement arises.

3. My senior officers and I devoted a great deal of time and effort to the development of program subcategories and elements which would reflect accurately the Research and Development activities of this Directorate. However, it would seem that in order to reduce the number of subcategories, O/PPB has settled more or less arbitrarily upon subcategories within the R&D area which have no particular meaning to us. In the long run, this probably will not

related to
Agency mission
to which we
are assigned

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provide the DCI with the information he should have to fully appreciate the importance and relationships of the R&D activities in which we are engaged. Not only is their breakdown uninformative in terms of the areas in which we are making our major efforts, but it also relegates very significant programs into a subelement category which is inconsistent with the importance of the program. I recognize that it might be desirable to accumulate costs in terms of R&D efforts in the areas proposed by O/PPB. However, it seems to me that this is a procedural accounting "tail" which should not be permitted to wag the goal/program planning/control "dog".

4. With application of our proposed breakdown to the Agency's program/budget structure, we will be able to provide better reporting and execute more sophisticated planning and control within the Research and Development activity area. I intend, therefore, to continue to develop and to operate within the structure which we have recommended. If necessary, we will make the effort to re-assemble these inputs as requested by D/PPB. However, the continuation of this more or less artificial approach will make it more difficult to explain, relate, and justify our programs and budgets later on than it would be if we were all "transmitting and receiving on the same frequency."

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ALBERT D. WHEELON
Deputy Director
for
Science and Technology

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Remarks:

John:

I briefed ExDir "quick and dirty" on the attached. He seemed quite familiar with the issue. He asks that you draft a response for his signature.

He did say Bud may have a point and that, if so, it's too late this year -- maybe next time.

HK

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FROM: NAME, ADDRESS AND PHONE NO.	DATE
O/Executive Director/HKnoche	16 Mar 66